

## CITY OF LOS ALAMITOS



May 30, 1978

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**MAYOR**

Kenneth Zommick

To: Mayor Kenneth Zommick  
Members of the City Council**COUNCIL MEMBERS**Barbara M. Audley  
Tim Bunner  
David A. Lander  
Charles E. Sylvia

From: Michael A. Graziano, City Manager

**CITY MANAGER**

Michael A. Graziano

Re: 1978-79 Budget Message

In accordance with the City Charter, transmitted for Council review and action is the proposed Municipal Budget for fiscal year 1978-79. Development of the budget represents a collective effort by City Staff. You will also note that the City Manager's recommendations closely parallel those of the department heads. This clearly indicates a responsible approach in translating Council policies and community needs into a balanced work program within very real and rather severe financial constraints.

Preparation of this year's budget has been particularly challenging because of uncertainties created by the possible passage of Proposition 13 (the so-called Jarvis-Gann Initiative) and most recently the "rollback" in property assessments by Los Angeles County. These developments have created an atmosphere of uncertainty to local governments, of which Los Alamitos is no exception. In this regard, a separate "Jarvis Budget" will be presented under separate cover to the City Council indicating areas where necessary cuts can be made and which services or programs will be affected. The "Jarvis Budget", if needed, will be based on "exception reporting"; that is, the attached budget will remain intact excepting those changes included in the Jarvis Budget.

This enclosed document, therefore, represents a consolidated work program based on today's tax laws and incorporating an evaluation of all funding and expenditure sources. Highlights of the 78-79 budget are as follows:

1. A decrease of ten cents in the City's property tax rate is recommended. This reduction would lower our present levy from \$0.95 to \$0.85 per \$100 of assessed valuation - one of the more favorable tax rates in our area. Reasons for this recommendation are several and diverse in nature, such as fiscal management and use of outside funding, double-digit inflation, increased number of new businesses, and continued strength in new building starts (residential, commercial and light industrial).





To: Mayor Kenneth Zommick  
Members of the City Council

May 30, 1978  
Page Two

A ten cent reduction in the property tax levy would amount to approximately \$56,000 in less revenues and would be financed from the Unappropriated Surplus for 78-79, which is projected in the sum of \$171,511.

2. The total 78-79 City Budget (including all funds) is in the amount of \$2,815,958, up 3.2 per cent from this year's total of \$2,727,600. The General Fund accounts for \$1,918,805 (68%), and \$897,153 (32%) is comprised of a number of non-City generated funds. This ratio is comparable to fiscal year 77-78.
3. No measurable change is contemplated in current programs or levels of service.
4. The budget is in balance; projected revenues should be sufficient to meet projected expenditure requirements.
5. The General Fund Reserve (including Equipment Replacement) indicates a significant and very positive increase from \$217,315 (per FY 76-77 audit) to \$504,630 (staff estimate for FY 77-78). This is well above generally accepted standards regarding the percentage of Reserves (savings account) to cash flow requirements (size of General Fund operating needs).

#### REVENUES

Major revenue sources reflect a continuing across-the-board set of increases closely paralleling past years' projections. Sales Tax is the most dramatic - approximately 22 per cent over FY 77-78, followed by 10 per cent in property taxes (does not include the recommended reduction in the City tax rate). There will be continued heavy emphasis in maximizing funding sources from County, State and Federal Governments.

A basic status quo projection is reflected concerning such miscellaneous revenue sources as franchises, business licenses, building permits, and various fees and fines, to name a few.

The underlying assumption in our revenue projections is that Los Alamitos will continue to experience a healthy growth factor including all allowable land uses.

#### EXPENDITURES

Projected expenditure requirements for all funds are in the amount of \$2,815,958. Of this total, 54% is allocated to salaries and fringe benefits, 16% is allocated to services and supplies, and 30% to capital projects.





To: Mayor Kenneth Zommick  
Members of the City Council

May 30, 1978  
Page Three

Major areas of change continue to be in increased insurance premiums (all kinds) and inflation in general. Salary increases reflect the City's one operative Memorandum of Understanding with the miscellaneous employees' group, plus an allowance for normal and anticipated merit increases for eligible employees. It does not include adjustments for the Police Association, nor for those staff members not affected by such Memoranda of Understanding. Source of funding these adjustments will be the General Fund's Unappropriated Surplus. It appears clear that departmental recommendations are considered to be sufficient to maintain our present level of operations as well as meet increased responsibilities resulting from development of new facilities.


#### PERSONNEL

The City's organizational structure remains unchanged. The only significant change involves management's strong concurrence with the Chief's request to add three personnel to the Police Department at an approximate cost of \$60,000 per year. (Refer to a detailed report of justification, Section I, 12-16). Barring passage of Proposition 13, source of funds would be from Unappropriated Surplus. All other personnel adjustments are of a nonsubstantial nature.

#### GOALS AND ACCOMPLISHMENTS

This past year (77-78) has seen material progress on a number of projects. Very briefly these are:

1. Bloomfield-Southern Pacific Railroad Grade Crossing - completed street widening and installation of traffic protection devices for public safety and convenience purposes.
2. Teen Center - planning and funding questions completed.
3. Katella Widening (East of 605 Freeway to Wallingsford)- project completed.
4. Katella-Siboney Traffic Signal Project - project completed.
5. Highland Tract Slurry Seal Project (North Portion) - completed.
6. Law Enforcement - continued to maintain effective control of police matters in Los Alamitos.
7. Planning and Building - processed several million dollars of quality residential, commercial and industrial development in a timely manner; continued to implement land-use enforcement policies on an impartial, City-wide basis.



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To: Mayor Kenneth Zommick  
Members of the City Council

May 30, 1978  
Page Four

8. Recreation - continued to expand citizen involvement and participation in a variety of programs based on community needs.
9. Administration - conducted municipal election without incident, implemented an improved business licensing program and properly accounted for all municipal revenues and expenditures.
10. Public Works - completed construction of South Highlands Park and continued the high maintenance standards of government buildings, streets, and parks.

In addition to this brief listing of last year's highlights, the major emphasis in 78-79 will be focused on the following activities:

1. Teen Center - commence and complete construction during coming fiscal year.
2. Old Town West (generally Oak, Sausalito, Chestnut, Walnut, Catalina and Florista) - commence and complete street and alley construction and reconstruction.
3. Katella Widening (East of Wallingsford, including traffic signal interconnect, and landscaping) - completes project from fiscal 77-78.
4. City Hall Expansion - tie in breezeway between City Hall and Police Building.
5. Oak Jr. High School - light existing ballfields and construct three lighted handball courts.
6. Bike Trails - expand and improve existing bicycle and pedestrian facilities.
7. Miscellaneous Street Improvements - complete needed street maintenance projects throughout City.
8. Stansbury Park Addition - complete in 78-79 as scheduled.
9. Public Works Maintenance Yard - complete physical and financial planning leading to relocation of existing facility.

#### CONCLUSION

Several points are worth noting in reviewing this year's budget document:





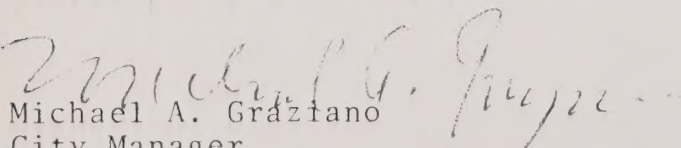
To: Mayor Kenneth Zommick  
Members of the City Council

May 30, 1978  
Page Five

1. A City property tax rate reduction of ten cents is recommended and affordable.
2. No new City tax revenues or increases in existing City tax rates are recommended.
3. Three additional police personnel should be added to the Department.
4. Fund balances are adequate.
5. City will continue to have no bonded indebtedness.
6. City will continue to rely on outside financing for funds, which are of a capital improvement nature and which have minimal impact on operating demands of the General Fund.
7. Building activity will continue to increase in a rather strong fashion this coming year.
8. Unappropriated Surplus - assuming the addition of three Police personnel and the recommended property tax rate reduction, the Unappropriated Surplus would be approximately \$55,000, an amount adequate to meet unforeseen needs.

Each of us, in different ways, is custodian to a very special public trust, and the citizen deserves no less than our best and honest effort in making Los Alamitos a model community in every sense of the word. Based on this premise and the information presented, it is evident that the City is in a sound financial condition and is achieving its mission within the parameters established by its legislative body. With continued emphasis on policy leadership by the Council, and with renewed emphasis of a "one-team" concept involving open and effective communications of all Commissioners, Staff, and interested citizens, I have every confidence that we will accomplish the goals and objectives set forth in this budget document.

Respectfully submitted,

  
Michael A. Graziano  
City Manager

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